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ONE HUNDRED AND TWENTY-THIRD LEGISLATURE

COMMITTEE ON EDUCATION AND CULTURAL AFFAIRS

March 13, 2008

MEMO TO: Sen. Margaret Rotundo, Senate Chair
Rep. Jeremy Fischer, House Chair
Joint Standing Committee on Appropriations & Financial Affairs

FROM: Sen. Peter Bowman, Senate Chair *PB*
Rep. Jacqueline R. Norton, House Chair *JN*
Joint Standing Committee on Education & Cultural Affairs

SUBJ: Governor's Change Package to LD 2173 (FY 08 & FY 09 Suppl. Budget)

Please find enclosed the report of the Joint Standing Committee on Education and Cultural Affairs pertaining to the Governor's "change package" proposals to LD 2173, the "supplemental budget bill." Our report includes recommendations regarding the budget initiatives and related "language" provisions proposed in the Governor's "change package" to LD 2173 that affect funding for kindergarten to grade 12 education, postsecondary education, and the cultural affairs agencies.

On behalf of the members of the Education and Cultural Affairs Committee, we thank you for your consideration of our report on the Governor's "change package" to the supplemental budget recommendations for the FY 2008-2009 biennium. Please do not hesitate to contact us should you wish to discuss these recommendations as you continue your deliberations on LD 2173.

cc: Maureen Dawson, Principal Analyst, Office of Fiscal and Program Review
Rachel Tremblay, Fiscal Analyst, Office of Fiscal and Program Review
Patrick T. Norton, Director, Office of Policy and Legal Analysis

Attachment: Exhibit A: Gov. Change Pkg. Proposals vs. EDU Cmte. Recommendations

EDUCATION AND CULTURAL AFFAIRS COMMITTEE RECOMMENDATIONS

Recommendations on Governor's "Change Package" Initiatives for LD 2173

Recommendation #1: Governor's "Change Package" Funding Initiatives. The Education and Cultural Affairs Committee, by an 8-4 vote, reluctantly recommends adoption of the proposed Governor's "change package" funding revisions for the education and cultural affairs programs within our jurisdiction for FY 08 and FY 09. The divided report on these *funding initiatives* is as follows:

"Majority Report" (8 members) -- Adopt the proposed Governor's "change package" funding revisions for the education and cultural affairs programs identified in "column L" of Exhibit A (please see attached spreadsheet); and propose the assignment of priorities for restoring budget reductions in FY 09 for the following programs in a "cascade" as follows:

1. Postsecondary Education programs: Restore one-third (1/3) of the budget reductions proposed for the University of Maine System, the Maine Community College System and the Maine Maritime Academy with the restoration of funds allocated to each on the same proportional basis as their budget reductions compared to their baseline budgets;
2. General Purpose Aid for Local Schools program (or "GPA"): Restore one-third (1/3) of the budget reductions proposed to the GPA program; and
3. Other programs: If there are additional funds available after restoring funds to the postsecondary education and GPA programs, the Education and Cultural Affairs Committee would like to be consulted on the distribution of those funds.

"Minority Report" (4 members) – Reject adoption of the proposed Governor's "change package" funding revisions for the GPA program, the University of Maine System and Maine Community College System since these reductions in State funding will result in shifting the costs of K-12 public education to local property taxpayers and the costs of postsecondary education tuitions to students. Also recommend restoring a portion of the budget reductions in FY 09 for these critical educational programs:

1. General Purpose Aid for Local Schools program (or "GPA"): Restore \$10,000,000 of the budget reductions proposed to the GPA program;
2. University of Maine System: Restore \$3,000,000 of the budget reductions proposed to the University of Maine System; and
3. Maine Community College System: Restore \$1,000,000 of the budget reductions proposed to the Maine Community College System.

Recommendation #2: Insured Value Factor ("IVF"). The Education and Cultural Affairs Committee, by an 11-1 vote, recommends an amendment to the proposed "*language*" initiative regarding the Insured Value Factor ("IVF"). The majority of the committee

recommends adoption of an amendment to section C-2 in Part C as agreed to by the Department of Education and the so-called "town academies."

Under current law, school units that tuition students to "town academies" pay the maximum allowable tuition rate for secondary school students plus the IVF (up to 10%). The Governor's "change package" proposed a one-year suspension of State funding to local school units for the additional 10% IVF. This amendment restores recognition of the IVF rate at 5% for FY 09 in the State allocation for school units that tuition students to "town academies" and allows the legislative body of the school unit to authorize its school board to pay a higher IVF rate (but not to exceed 10%). This change will result in an increase in the mill expectation from 6.54 to 6.55 for FY 09.

Recommendation #3: Part LLL, School District Reorganization. The Education and Cultural Affairs Committee, by an 8-5 vote, recommends removal of the proposed "language" initiative in Part LLL regarding changes to the law related to school district reorganization. The majority report recommends removal of the Part LLL language and the minority report recommends adoption of the Part LLL language.

Recommendation #4: Sen. Nutting's Legislation. The Education and Cultural Affairs Committee discussed the proposed elimination of two so-called "policy-influencing positions" in the Department of Education with Commissioner Gendron during our earlier review of the supplemental budget bill. At that time, the Commissioner reported that these two positions were critical to the functioning of the Leadership Team within the department. Commissioner Gendron also noted that the department did lose one "policy-influencing position" several years ago during the King administration and informed the committee that a vacant "Regional Education representative" position was used this past year to add the "P.R. position" listed in Senator Nutting's materials. The Education and Cultural Affairs Committee, by consensus, agreed not to eliminate either of these two positions.

We thank you for your consideration of our recommendations regarding the Governor's "change package." The Education and Cultural Affairs Committee or our Budget Subcommittee remains available to address any questions or concerns that the Appropriations Committee may have regarding our report. Our staff will forward (as necessary) a proposed amendment draft to the "language" initiatives related to our recommendations. Please do not hesitate to contact us should you wish to discuss these recommendations as you continue your deliberations on LD 2173.

	A	B	C	G	L
1	GOV CHANGE PKG PROPOSALS vs. EDU CMTE RECOMMENDATIONS for FY 09				
2					
3	DEPT	LINE	ACCOUNT TITLE	EDU REC	GOV CHG PKG
4					
5	EDUCATION	AO	GPA FOR LOCAL SCHOOLS	(36,800,000)	(33,999,615)
6	EDUCATION	AO	ADULT EDUCATION	(217,734)	(217,734)
7	EDUCATION	PS	LEADERSHIP	0	0
8	EDUCATION	AO	LEADERSHIP	(29,261)	(29,261)
9	EDUCATION	PS	SUPPORT SYSTEMS	0	(82,370)
10	EDUCATION	AO	SUPPORT SYSTEMS	(112,767)	(112,767)
11	EDUCATION	AO	MGMT INFO SYSTEMS	(24,861)	(24,861)
12	EDUCATION	PS	LEARNING SYSTEMS	0	26,606
13	EDUCATION	AO	LEARNING SYSTEMS	(687,575)	(249,172)
14	EDUCATION	PS	REGIONAL SERVICES	0	(74,123)
15	EDUCATION	AO	REGIONAL SERVICES	(12,433)	(12,433)
16	EDUCATION	AO	HEALTH INS. - RET. TEACHERS	0	(830,000)
17	EDUCATION	AO	AFTER-SCHOOL PROGRAM	(881)	(881)
18	EDUCATION	PS	LEARNING THRU TECHNOLOGY	(6,115)	(176,939)
19	EDUCATION	AO	LEARNING THRU TECHNOLOGY	(417)	(415)
20	EDUCATION	AO	PROF DEV & EDUCATION FUND	(176)	0
21	EDUCATION	AO	REG'L SUPP SVS - CARRYING	0	(1,776,092)
22		AO	PRESCHOOL HANDICAPPED		1,750,000
23	STATE BD OF EDUCATION	PS	STATE BD OF EDUCATION	(747)	0
24	STATE BD OF EDUCATION	AO	STATE BD OF EDUCATION	(4,541)	(5,288)
25	SUBTOTAL - K TO 12 EDUCATION			(37,897,508)	(35,815,345)
26					
27	FINANCE AUTH OF MAINE	AO	STUDENT FINANCIAL ASSIST	(418,419)	0
28	ME COMM COLLEGE SYSTEM	AO	ME COMM COLLEGE SYSTEM	(1,815,865)	(1,951,966)
29	MAINE MARITIME ACADEMY	AO	MAINE MARITIME ACADEMY	(300,927)	(323,482)
30	UNIV OF MAINE SYSTEM	AO	UNIV OF MAINE SYSTEM	(6,119,218)	(7,097,212)
31	UNIV OF MAINE SYSTEM	AO	CASCO BAY ESTUARY - USM	(1,148)	0
32	UNIV OF MAINE SYSTEM	AO	ECONOMIC IMPROV FUND	(481,992)	0
33	SUBTOTAL - POSTSECONDARY EDUCATION			(9,137,569)	(9,372,660)
34					
35	ARTS COMMISSION	PS	ARTS & HUMANITIES ADMIN	(17,033)	0
36	ARTS COMMISSION	AO	ARTS & HUMANITIES ADMIN	(11,006)	(23,039)
37	HISTORIC PRESERV COMM	PS	ME HISTORIC PRES COMM	(9,514)	0
38	HISTORIC PRESERV COMM	AO	ME HISTORIC PRES COMM	(1,585)	0
39	HISTORICAL SOCIETY	AO	ME HISTORICAL SOCIETY	(1,823)	0
40	HUMANITIES COUNCIL	AO	ME HUMANITIES COUNCIL	(2,168)	0
41	STATE LIBRARY	AO	STATEWIDE LIBR INFO SYS	(7,930)	0
42	STATE LIBRARY	PS	LIBRARY ADMINISTRATION	(3,795)	0
43	STATE LIBRARY	AO	LIBRARY ADMINISTRATION	(7,141)	(25,000)
44	STATE LIBRARY	PS	LIBRARY & DEVELOP SVS	(82,723)	(68,527)
45	STATE LIBRARY	AO	LIBRARY & DEVELOP SVS	(29,723)	(58,846)
46	STATE LIBRARY	AO	LIBR SPECIAL ACQUISITION	(17)	0
47	STATE MUSEUM	PS	MUSEUM ADMINISTRATION	(53,055)	(46,611)
48	STATE MUSEUM	AO	MUSEUM ADMINISTRATION	(6,893)	(4,443)
49	STATE CULTURAL AFF CNCL	AO	NEW CENTURY PROGRAM	(3,348)	(49,531)
50	PUBLIC BROADCAST CORP	AO	ME PUBLIC BROADCAST CORP	(79,328)	(79,328)
51	SUBTOTAL - CULTURAL AFFAIRS AGENCIES			(317,082)	(355,325)
52					
53	TOTAL - EDUCATION & CULTURAL AFFAIRS AGENCIES			(47,352,159)	(45,543,330)